

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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USMISSION GENEVA

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PASS AGRICULTURE

ECBUS

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: CHANGES IN CLACULATING CAP IMPORT PROTECTION FOR POULTRY  
AND EGGS

REF: A-7 OF JULY 6, 1967

1. BEGIN SUMMARY: THE COMMISSION HAS USBMITTED TO THE COUNCIL A PRO-  
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POSAL FOR CHANGING THE METHODS OF CALCULATING THE GATE PRICES AND

BASIC

IMPORT LEVIES FOR POULTRY AND EGGS. THE NEW METHODS OF CALCULATION MAY, BUT NEED NOT, REDUCE THE COMMUNITY'S IMPORT CHARGES ON POULTRY AND EGGS.

THE ACTUAL LEVEL OF PROTECTION WILL CONTINUE TO DEPEND ON PARAMETERS SUCH AS THE DIFFERENCE BETWEEN EC AND WORLD MARKET GRAIN PRICES AND THE

LEVEL OF POULTRY AND EGG CIF PRICES WHICH ARE INDEPENDENT VARIABLES IN THE FORMULA OF CALCULATING THE IMPORT CHARGE. A THOROUGH WASHINGTON ANALYSIS OF THE NEW METHODS IS REQUESTED. END SUMMARY.

2. THE COMMISSION HAS SUBMITTED TO THE COUNCIL A PROPOSAL FOR CHANGING THE METHODS OF IMPORT LEVIES AND GATE PRICES FOR POULTRY AND EGGS. THE MAJOR CHANGES PROPOSED CONSIST IN A) LOWERING THE FEED GRAIN COEFFICIENTS; B) CHANGING THE ASSUMED COMPOSITION OF THE FEED GRAIN RATIONS USED IN PRODUCING POULTRY AND EGGS; AND C) CHANGING THE STANDARD AMOUNT (MONTANT FORFAITAIRE) WHICH IS SAID TO REPRESENT COST OTHER THAN GRAIN COSTS.

3. IT MAY BE RECALLED THAT THE UNREALISTIC FEED CONVERSION COEFFICIENTS WERE A MAJOR ISSUE DURING AND AFTER THE CHICKEN WAR. THE CHANGES WHICH THE COMMISSION NOW PROPOSES TO MAKE ARE LONG OVERDUE. HOWEVER, EVEN IF THESE CHANGES WERE MADE, THE LEVEL OF PROTECTION WOULD NOT NECESSARILY BE LOWER THAN BEFORE, BECAUSE THE METHODS OF CALCULATION ARE ONLY ONE ELEMENT IN THE COMPUTATION OF THE IMPORT CHARGES. THE OTHER BASIC ELEMENTS ARE THE RELATIVE LEVELS OF EC AND WORLD MARKET GRAIN PRICES AS WELL AS THE LEVELS OF THIRD COUNTRY CIF PRICES AT THE FRONTIER OF THE COMMUNITY. THESE DATA ARE INDEPENDENT VARIABLES IN THE FORMULA FOR CALCULATING THE IMPORT CHARGES. MOREOVER, CERTAIN AMOUNTS USED IN THE COMPUTATION OF GATE PRICES AND LEVIES WILL BE RAISED AND MAY OFFSET THOSE ELEMENTS WHICH ARE TO BE LOWERED. THUS A CONCLUSION ON THE EFFECTS OF THE NEW METHOD OF CALCULATING THE BASIC IMPORT LEVIES AND THE SUPPLEMENTARY LEVIES CAN BE REACHED ONLY AFTER A THOROUGH ANALYSIS.

4. THE MAJOR PROPOSED CHANGES IN THE METHODS OF CALCULATING, FOR INSTANCE, THE BASIC IMPORT LEVIES FOR BROILERS ("70 PERCENT") (CXT NO. 02.02 AIB) ARE AS FOLLOWS: SO FAR THE FEED GRAIN CONVERSION COEFFICIENT FOR THIS POULTRY PRODUCT HAS BEEN 2.61. HENCE-  
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FORTH, IT IS TO BE 2.189. THE FEED RATION USED FOR THE CALCULATION OF THE BASIC IMPORT LEVY FOR BROILERS HAS BEEN 78 PERCENT CORN, 19 PERCENT BARLEY AND 3 PERCENT OATS. HENCEFORTH, IT IS TO CONSIST OF 80 PERCENT CORN AND 20 PERCENT BARLEY.

5. AS REGARDS THE GATE PRICE, THE FEED GRAIN CONVERSION COEFFICIENT FOR BROILERS ("70 PERCENT") WHICH TO DATE HAS BEEN 2.321 IS NOW TO BE REDUCED TO 1.915. HOWEVER, THE STANDARD AMOUNT WHICH HAS BEEN 0.475

U.A. IS TO BE RAISED TO 0.6471 U.A. PER KILO.

6. IT SHOULD BE NOTED THAT FOR THE PERIOD BEGINNING AUGUST 1, 1974 THE IMPORT LEVY PROBABLY WILL CONSIST ONLY OF THE SO-CALLED ELEMENT (B) , I.E., THE 7 PERCENT OF THE GATE PRICE INCORPORATED IN THE BASIC LEVY. THE SO CALLED ELEMENT (A), THE GRAIN PRICE DIFFERENTIAL, WILL BE ZERO BECUASE IN THE REFERENCE PERIOD USED FOR CALCULATING THE IMPORT CHARGES TO BE COLLECTED BEGINNING AUGUST 1, THE GRAIN IMPORT LEVIES WERE ZERO.

7. ACTION REQUESTED: A THROUGH ANALYSIS BY FAS OF THE EFFECTS OF THE NEW METHOD OF COMPUTING THE CAP POULTRY AND EGG IMPORT CHARGE IS REQUESTED. THE FULL TEXT OF THE COMMISSION'S PROPOSAL IS BEING FORWARDED BY AIRGRAM. GREENWALD

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